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**Waterfront Development  
Corporation Limited**

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## President's Report

1994/95 was a year of change. Several significant events include the Provincial government's appointment of an interim Board of Directors in 1994, chaired by Eric Thomson and subsequently, on the retirement of the President, Harvey Doane, the writer was appointed President and CEO. The government committed to a revitalized Waterfront Development Corporation including the appointment of a new Board of Directors chaired by Annette Marshall with Vice-Chair, Bill Young. A list of Directors is attached.

A strategic plan was developed and endorsed by the Board of Directors. This plan committed the Board to acquisition and development of waterfront properties in Halifax and Dartmouth and to attract residents and tourists to utilize these areas.

Economic conditions have continued to restrict demand for new real estate developments (office vacancies in the downtown area continue at rates in excess of 18% vacancy.)

The government's decision to approve a major gambling casino in the metro area resulted in options on three of the Corporation's properties. The successful proposal, Sheraton Casinos, plan to build their casino on the City property north of Purdy's Wharf. Over the next four years, the interim casino will op-

erate on WDCL lands. An amended ground lease for the Sheraton Hotel has been approved to incorporate this facility.



The G-7 Summit in Halifax in June 1995, resulted in a number of physical improvements to WDCL waterfront lands as well as adjacent private properties. The improvements included an extended harbour walkway system, landscaping, lighting and paved parking



areas. In addition, a decision by Fisheries & Oceans to remove the abandoned Queen's Wharves located immediately south of our Cable Wharf property was fol-

lowed up by an offer from the Corporation to lease the waterlot areas and rebuild these wharves, creating an area of public use and future commercial possibilities.

Primary uses will be public enjoyment of the harbour walkway and access to the wharves, plus, major festivals such as the Tall Ships and Buskers. The total cost will be \$1.6 million with \$850,000 covered by Federal/Provincial G-7 funds and the balance financed by WDCL and approved by cabinet.

In January 1995, the decision was made by the Department of Municipal Affairs exempting, as of April 1, 1994, WDCL properties from municipal taxation. The ruling provided that our provincial mandate to acquire lands for development should not be subject to municipal taxation until developments take place. In other jurisdictions,

provincial development sites are exempt. This reduction in our annual expenses, along with the Sheraton Land Lease Amendment plus revenue for a Dartmouth property, will generate approximately \$905,000 annually for the next four years. A strategic property evaluation study was commissioned during 1994/95. It is

planned that staff will be added as well as certain services contracted out.

In 1994/95 WDCL, at the request of the Economic Renewal Agency, provided office space for Bedford Waterfront Development Corporation staff. This was agreed to on a short-term basis without rent pending a more formal arrangement between Bedford and Waterfront Development Corporation Limited.

by Waterfront Development Corporation Limited which invited organizations throughout Nova Scotia to convene together and share information on financing, marketing and maintaining waterfront projects.

This is an exciting period to be



One of the key elements of the Corporation's strategic plan was to coordinate waterfront activities in addition to WDCL ownership of lands in Halifax and Dartmouth. There are other major owners including the Cities of Halifax and Dartmouth, the federal Halifax Port Corporation as well as significant private organizations and federal government holdings. Initiatives have been pursued to establish cooperative partnerships with the other organizations, particularly the Halifax Port Corporation.

In November 1994, a successful waterfront seminar was held in Halifax initiated and organized

serving this province through WDCL. I am grateful to the Board for the opportunity and wish to thank the Directors for their support and guidance. I also thank the staff of WDCL for their fine efforts in implementing the new initiatives and changes.

A handwritten signature in cursive ink, appearing to read "Fred Were".

Fred Were  
President and Chief  
Executive Officer

## *Management Statement on Financial Reporting*

### *To the Shareholders of Waterfront Development Corporation Limited*

Management has the responsibility for preparing the accompanying financial statements and ensuring that all information in the annual report is consistent with the statements.

Ultimate responsibility for the financial statements rests with the Board of Directors. An Audit Committee of non-management Directors is appointed by the Board to review the financial statements in detail with management and to report to the Directors prior to their approval of the financial statements for publication. The Directors have established standards of conduct for employees to prevent conflicts of interest and unauthorized disclosure of confidential information.

The shareholders' auditors review the financial statements in detail and meet separately with both the Audit Committee and management to review their findings. Doane Raymond, Chartered Accountants report directly to the shareholders.

Fred Were  
President and Chief Executive Officer

Annette Marshall  
Chairman  
  
Halifax, Canada  
May 12, 1995

## *Auditors' Report*

### *To the Shareholders of Waterfront Development Corporation Limited*

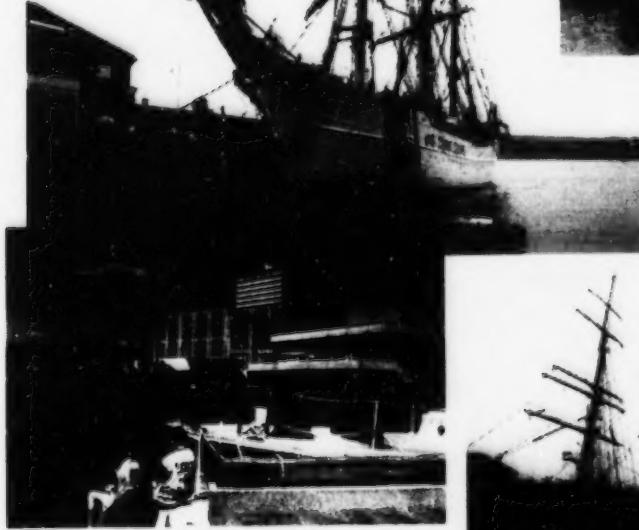
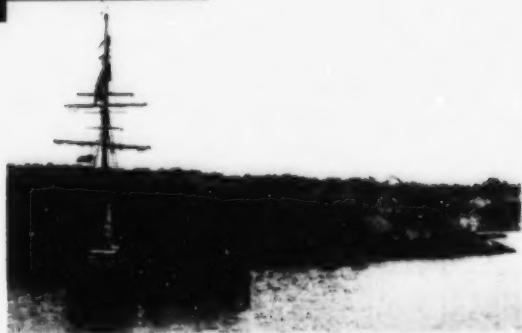
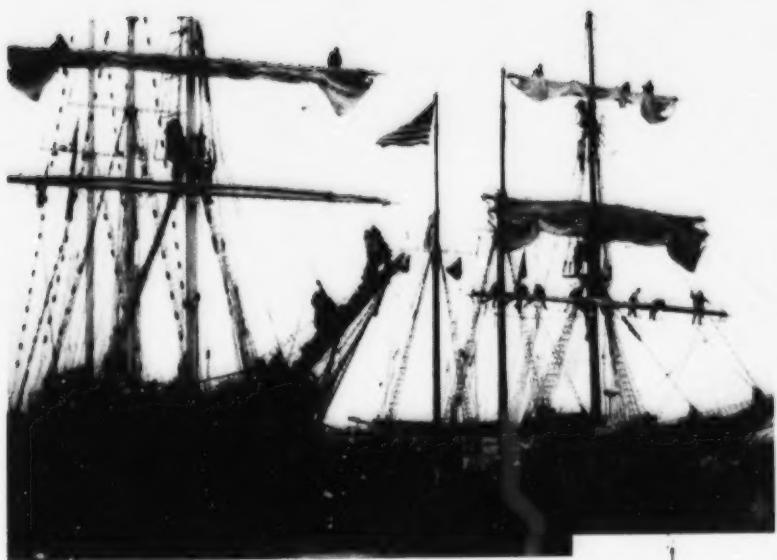
We have audited the balance sheet of Waterfront Development Corporation Limited as at March 31, 1995, and the statements of earnings and deficits and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1995, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Chartered Accountants

Halifax, Canada  
May 12, 1995



## **Balance Sheet**

| <i>Year Ended March 31</i>                    | <b>1995</b>       | <b>1994</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>                                 |                   |                   |
| Cash  | 337,135           | 623,757           |
| Receivables                                   | 20,786            | 25,117            |
| Other receivable                              | 11,601            | 16,121            |
| Prepays                                       | 6,500             |                   |
| Real estate and development projects (Note 3) | <u>17,572,515</u> | <u>17,779,891</u> |
|   | <u>17,948,537</u> | <u>18,444,886</u> |
| <b>Liabilities</b>                            |                   |                   |
| Payables and accruals                         | 257,328           | 90,344            |
| Deferred revenue                              | 3,531             | 2,515             |
| Loan payable (Note 4)                         | <u>5,850,000</u>  | <u>7,150,000</u>  |
|   | <u>6,110,859</u>  | <u>7,242,859</u>  |
| <b>Shareholders' Equity</b>                   |                   |                   |
| Capital stock (Note 5)                        | 3                 | 3                 |
| General Development Fund (Note 6)             | 630,000           |                   |
| Contributed surplus (Note 7)                  | 13,747,826        | 13,747,826        |
| Deficit                                       | (2,540,151)       | (2,545,802)       |
|   | <u>11,837,678</u> | <u>11,202,027</u> |
|   | <u>17,948,537</u> | <u>18,444,886</u> |

**Commitment (Note 10)**

On behalf of the Board

*Alice J Marshall*

\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

## **Statement of Earnings and Deficit**

| <b>Year Ended March 31</b>                           | <b>1995</b>                      | <b>1994</b>        |
|--|----------------------------------|--------------------|
| <b>Revenue</b>                                       |                                  |                    |
| Rents  | <b>1,628,888</b>                 | 1,561,106          |
| Recoveries   | <b>63,933</b>                    | 79,086             |
| Interest income                                      | <b>21,419</b>                    | 11,503             |
| Other income   | <b>5,000</b>                     | 5,000              |
|  | <b>1,719,240</b>                 | <b>1,656,695</b>   |
| <b>Property Expenses</b>                             |                                  |                    |
| Property taxes (Note 12)                             | <b>118,220</b>                   | 871,751            |
| Operating  | <b>297,356</b>                   | 352,968            |
| Depreciation and amortization                        | <b>261,881</b>                   | 289,711            |
|  | <b>677,457</b>                   | <b>1,514,430</b>   |
| <b>Income before other items</b>                     | <b>1,041,783</b>                 | <b>142,265</b>     |
| <b>Corporate Expenses</b>                            |                                  |                    |
| Directors fees and expenses                          | <b>14,137</b>                    | 15,219             |
| Doubtful accounts                                    | <b>6,850</b>                     | 1,361              |
| Office operations                                    | <b>35,634</b>                    | 32,669             |
| Professional fees                                    | -audit and legal<br>-consultants | 23,368<br>25,102   |
| Public relations                                     | <b>19,931</b>                    | 16,831             |
| Salaries and benefits                                | <b>184,290</b>                   | 198,570            |
|  | <b>309,312</b>                   | <b>330,194</b>     |
| <b>Loan interest</b>                                 |                                  |                    |
| Expense  | <b>457,620</b>                   | 358,294            |
| Contributions from the Province of Nova Scotia       | <b>(360,800)</b>                 | <b>(372,694)</b>   |
|  | <b>96,820</b>                    | <b>(14,400)</b>    |
|  | <b>406,132</b>                   | <b>315,794</b>     |
| <b>Net earnings (loss)</b>                           | <b>635,651</b>                   | <b>(173,529)</b>   |
| <b>Transfer to General Development Fund (Note 6)</b> | <b>630,000</b>                   |                    |
| <b>Transfer to Deficit</b>                           | <b>5,651</b>                     | <b>(173,529)</b>   |
| <b>Deficit, beginning of year</b>                    | <b>(2,545,802)</b>               | <b>(2,372,273)</b> |
| <b>Deficit, end of year</b>                          | <b>(2,540,151)</b>               | <b>(2,545,802)</b> |

See accompanying notes to the financial statements

## **Statement of Changes in Financial Position**

| <b>Year Ended March 31</b>                               | <b>1995</b> | <b>1994</b> |
|--|-------------|-------------|
| Cash derived from (applied to)                           |             |             |
| Operating  |             |             |
| Net earnings (loss)                                      | 635,651     | (173,529)   |
| Depreciation and amortization                            | 261,881     | 289,711     |
|  | <hr/>       | <hr/>       |
|  | 897,532     | 116,182     |
| Change in non-cash operating<br>working capital (Note 8) | 165,831     | 8,217       |
|  | <hr/>       | <hr/>       |
|  | 1,063,363   | 124,399     |
| Financing  |             |             |
| Decrease (increase) in other receivable                  | 4,520       | 3,884       |
| Increase (decrease) in loan payable                      | (1,300,000) | 300,000     |
| Government assistance for capital expenditures           |             | 225,000     |
|  | <hr/>       | <hr/>       |
|  | (1,295,480) | 528,884     |
| Investing  |             |             |
| Purchase of  |             |             |
| Equipment  | (10,344)    | (6,541)     |
| Real estate and construction projects                    | (44,161)    | (551,335)   |
|  | <hr/>       | <hr/>       |
|  | (54,505)    | (557,876)   |
| Net increase (decrease) in cash                          | (286,622)   | 95,407      |
| Cash   |             |             |
| Beginning of year  | 623,757     | 528,350     |
|  | <hr/>       | <hr/>       |
| End of year  | 337,135     | 623,757     |
|  | <hr/>       | <hr/>       |

See accompanying notes to the financial statements.

## *Notes to Financial Statements*

*March 31, 1995*

### **1. General**

(a) The Corporation was declared a Provincial Crown Corporation pursuant to Section 75 of the Provincial Finance Act by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

(b) The fundamental purpose of the Corporation is to redevelop and revitalize sections of the waterfronts of Halifax and Dartmouth in accordance with an agreement between the Corporation and the Province of Nova Scotia dated June 1, 1976.

### **2. Summary of significant accounting policies**

#### **Capitalization**

All expenditures directly related to acquisition, renovation, and development are included in the cost of real estate.

#### **Income taxes**

As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

#### **Depreciation**

##### **Building and equipment**

Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

##### **Long-term lease**

The cost of the lease referred to in Note 3 is amortized over its term.

##### **Development costs**

Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum. Net costs for projects constructed on lands not owned by the Corporation are written off against contributed surplus. The difference between any proceeds received on the disposal of a development project and its net book value is charged to or written off against contributed surplus.

### **3. Real estate and development projects**

|   |                     | <b>1995</b>                 | <b>1994</b>         |
|---|---------------------|-----------------------------|---------------------|
|   | Cost                | Accumulated<br>Depreciation | Net<br>Book Value   |
| Real estate and<br>development projects | <u>\$21,487,011</u> | <u>\$3,914,496</u>          | <u>\$17,572,515</u> |

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

### **4. Loan payable**

Toronto Dominion Bank demand loan bearing interest at bank prime less one-half percent. The loan is secured by a guarantee of the Province of Nova Scotia.

### **5. Capital stock**

#### **Authorized:**

5,000 shares without nominal or par value

#### **Issued:**

3 shares

**1995**

**1994**

\$3                    \$3

The shares are held in trust by representatives of the Province for the Queen in Right of the Province of Nova Scotia.

#### **6. General Development Fund**

The Board of Directors has established a fund for future development and promotional projects. Expenditures from this fund will be at their discretion.

#### **7. Contributed surplus**

|  | <u>1995</u>         | <u>1994</u>         |
|--|---------------------|---------------------|
| Balance, beginning of year               | \$13,747,826        | \$14,263,826        |
| Writedown of property to estimated value |                     | (516,000)           |
| Balance, end of year                     | <u>\$13,747,826</u> | <u>\$13,747,826</u> |

#### **8. Change in non-cash operating working capital**

|                       | <u>1995</u>      | <u>1994</u>    |
|-----------------------|------------------|----------------|
| Receivables           | \$ 4,331         | \$39,450       |
| Prepads               | (6,500)          | 28,742         |
| Payables and accruals | 166,984          | (59,440)       |
| Deferred revenue      | 1,016            | (535)          |
|                       | <u>\$165,831</u> | <u>\$8,217</u> |

#### **9. Public Sector Unpaid Leave Act**

The Corporation is in compliance with the Public Sector Unpaid Leave Act. The 2% reduction in salary cost from March 31, 1994 to October 31, 1994 was \$1,546. The 3% reduction in salary cost from November 1, 1994 to March 31, 1995 was \$1,562.

#### **10. Commitment**

The Corporation has entered into a lease agreement for the Queen's Wharf. Minimum lease payments over the next five years are as follows:

|      |         |
|------|---------|
| 1996 | \$6,500 |
| 1997 | \$6,500 |
| 1998 | \$6,500 |
| 1999 | \$6,500 |
| 2000 | \$6,500 |

#### **11. Subsequent events**

##### **(i) Queen's Wharf**

Subsequent to year end, the Corporation entered into a construction contract for \$1.6 million for the reconstruction of the Queen's Wharf. As of March 31, 1995 approximately \$35,000 has been incurred and capitalized as real estate and development projects. Government assistance of \$850,000 has been approved for this project.

##### **(ii) G-7 Summit**

Subsequent to year end, the Corporation agreed to act as the implementing agency for various waterfront improvements for the G-7 Summit. Improvements include properties owned by the Corporation as well as other privately owned waterfront property. The maximum contribution to this project will be \$3,001,000. In April, 1995, the Corporation was advanced \$1,000,000 from the government.

#### **12. Other matters**

##### **Property Taxes**

Effective April 1, 1994, the Corporation obtained tax exempt status, and is no longer required to pay property taxes, or a grant-in-lieu of taxes. Where applicable, properties or portions thereof occupied by tenants will be assessed as taxable for both the real and business occupancy assessment. For tenants currently in lease agreements which include the cost of taxes as part of the lease cost, the Corporation will pay these taxes on their behalf.

**Board of Directors**

Alan L. Barkhouse  
Halifax, Nova Scotia  
(from December, 1994)

Doreen C. Parsons  
Halifax, Nova Scotia  
(from December, 1994)

Douglas H. Cochrane  
Dartmouth, Nova Scotia  
(from December, 1994)

Eric F. Thomson  
Halifax, Nova Scotia

Sterling M. Eddy  
Halifax, Nova Scotia  
(from December, 1994)

William Young, Vice Chairman  
Dartmouth, Nova Scotia  
(from December, 1994)

Ruth M. Goldbloom  
Halifax, Nova Scotia  
(from December, 1994)

Gary Campbell  
Dartmouth, Nova Scotia  
(to December, 1994)

Annette Marshall, Chairman  
Halifax, Nova Scotia  
(from December, 1994)

Terry Degen  
E. Chezzetcook, Nova Scotia  
(to December, 1994)

Greta E. Murtagh  
Halifax, Nova Scotia  
(from December, 1994)

Waterfront Development Corporation Limited  
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